



United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

# FACT SHEET

## *U.S.-Colombia Trade Promotion Agreement* Texas Farmers Will Benefit

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Texas's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Texas's farm prices and income. Such exports support about 55,416 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$5.2 billion and made an important contribution to Texas's farm cash receipts in 2007 that totaled \$19 billion.

**Beef.** In 2007, the United States exported \$386,000 of beef and beef products to Colombia. Texas is the nation's fourth largest exporter of live animals and meat. Beef generates nearly one-half of the state's farm cash receipts with \$7.6 billion. Texas ranchers and its beef industry will benefit from the CTPA.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the World Trade Organization (WTO)) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton tariff rate quota (TRQ). The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.

- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

**Cotton.** In 2007, the United States exported \$59 million of cotton to Colombia. Cotton export figures to Colombia are their highest since at least 1970 (in excess of \$70 million), and growing. As the nation's leading exporter of cotton, with farm cash receipts totaling \$2.1 billion, Texas cotton farmers will benefit from the CTPA.

- Under the CTPA, Colombia will immediately eliminate the 10-percent tariff (99 percent allowed by the WTO) facing U.S. exporters.
- The CTPA provides for reciprocal elimination of all cotton duties.
- *The National Cotton Council and the American Cotton Shippers Association publicly support the CTPA.*

**Poultry.** Poultry meat exports to Colombia surpassed \$11.6 million in 2007. Texas broilers supply the state's fifth largest source of cash receipts with \$1.4 billion.

- U.S. poultry producers currently face a system of variable levies (price band system) that result in tariffs as high as the WTO ceiling of 209 percent. Upon implementation of the CTPA, Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will provide immediate duty-free access on chicken leg quarters, which currently faces a 20-percent duty (209 percent allowed by the WTO), through a 27,040-ton TRQ that expands by 4 percent, compounded annually. Colombia will phase out the 164.4-percent over-quota tariff for fresh, chilled and frozen leg quarters and 70-percent over-quota tariff for processed leg quarters over 18 years with no reductions during the first 6 years of the agreement.
- Colombia will also provide a 412-ton TRQ that expands 3 percent, compounded annually, for "spent fowl." Colombia will phase out the 45-percent over-quota tariff for "spent fowl" over 18 years.
- Colombia will immediately phase out duties on poultry products such as wings and breast meat.
- Tariffs on turkey products will be phased out over 5 years.
- Colombia will immediately eliminate duties on live chicks and hatching eggs and will phase out duties on eggs for consumption over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The National Chicken Council, USA Poultry and Egg Export Council, National Turkey Federation, United Egg Association, United Egg Producers, and Pet Food Institute publicly support the CTPA.*

**Dairy.** U.S. dairy exports to Colombia surpassed \$6.6 million in 2007, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers. Generating the state's fourth largest source of cash receipts, Texas dairy producers will benefit from the CTPA.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Both Colombia and the United States will establish duty-free TRQs for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

**Corn.** In 2007, the United States exported \$500 million of yellow corn and \$16 million of white corn to Colombia. Texas is the nation's seventh largest exporter of feed grains; feed grains rank sixth largest in state cash receipts.

- Colombia will immediately eliminate its system of variable levies (price band system) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 195 percent on some corn products.
- Colombia will provide immediate duty-free access for yellow corn by establishing a 2.1-million-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for white corn by establishing a 136,500-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for animal feeds by establishing a 194,250-ton TRQ that grows 5 percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- All currently applied duties on all other corn products will be phased out within 10 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the North American Export Grain Association, the North American Millers' Association, the American Feed Industry Association, and the Pet Food Institute publicly support the CTPA.*

**Rice.** In 2007, the United States exported \$1.1 million of rice to Colombia. With \$109 million in farm cash receipts, Texas rice producers will benefit from the CTPA.

- U.S. rice exporters currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 189 percent. Other rice products face

applied tariff rates, ranging from 5–80 percent. Colombia will immediately eliminate the price band system on imports from the United States.

- Colombia will establish a 79,000-ton, zero-duty rice TRQ that will grow 4.5 percent, compounded annually. All rice types will be eligible for the TRQ with the quantity on a milled-equivalent basis. The over-quota tariff will be phased out over 19 years with no reduction during the first 6 years of the agreement. Tariffs on rice flour, bran, sharps and other milled rice residues will be phased out over 5 years.
- *The USA Rice Federation publicly supports the CTPA.*